1. (i) This Act may be called the Cochin Fisheries (Amendment) Act of 111 .

Short title, extent and commencement. (ii) It extends to the whole of Cochin and shall come into force at once.

Section was put and carried.

Mr. President.—The question is that the title and preamble stand part of the Bill.

THE COCHIN FISHERIES ACT (AMENDMENT) BILL.

Whereas it is expdient to amend the Cochin Fisheries Act, III of 1092,

Preamble. it is hereby enacted as follows:—

Title and preamble were put and carried.

Mr. Thomas Manjuran *(Government Advocate and Law Officer).*—I beg to move that the Bill may be finally passed tomorrow.

Mr. K. P. Kannan Nayar *(Secretary to Government).*—I second it.

Motion was put and carried.

RESOLUTIONS.

Mr. President.—We shall take up the resolutions, if the House is so inclined.

Mr. Thomas Manjuran *(Government Advocate and Law Officer).*—There will be practical difficulties. Government side is not prepared as they have no instructions from Government.

Dr. A. R. Menon *(Pallippuram).*—This is the usual practice.

Mr. President.—When on an official day the official business is over, the usual practice is to take up non-official business.

1. Re. Conversion of Land tax into Income-tax.

Mr. A. Eachara Menon *(Chittur Rural).*—Mr. President, Sir, the resolution standing in my name runs thus:—"*This Council recommends to the Government that the present system of land-tax be converted into one of graduated scale of income-tax.*"

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What with the fickleness of the seasons and what with the phenominal fall in prices of food-grains, the ryots—especially the small holders—are in a sorry plight. If we assert that the low prices are persisting, the Government would assert the contrary with the same, if not, with added force. Hence it has become impossible to solve the present situation. In the matter of showing sympathy with the perilous state of the ryots, the Government is satisfied by giving expression to benevolent intentions. From the beginning of the present decade the depression came accentuating the sorrowful plight of the ryots. The action of the Government has all along been at best stepmotherly. It requires no great power of imagination to come to the conclusion that the collection of what has been settled at times of bumper crops and high prices, during failure of crops and fall in prices, is unnatural, illegal and unjust. The thirty-year settlement system can therefore work properly only as long as there were rises in prices. Now that the tendency is towards a fall the system of taxation has to be changed. In the change I am proposing a few who have more than what they could well digest will be adversely affected. But it is the duty of a good administration worth the name to find out and act with due circumspection if the suffering caused thereby would be more than counterbalanced by the good resulting therefrom to the people at large. The Government is concerned with the happiness of the greatest number. Further in these days of propaganda to make agricultre a profitable industry, the standardisation of tax on land will go a long way.

The theory of assessment at half the net produce is peculiar to this cursed sub-continent of India since her occupation by Imperialistic Britain. In ancient times during the days of the Code of Manu the highest assessment was 1/6 of the net income in normal times and 1/4 in times of danger. The (Sir Charles) Todhunter Committee had recommended that the tax on land should on no account exceed 1/6 of the net income after a searching enquiry, but the British Government has shoved off the consideration of the same. Our Cochin Government true to its fidelity to that imperialism, and in its love of imitation has accepted with little modification the theory of her suzerain Lord. In this she has not spent a moment's thought that she was dealing with Indian India. Her children were then no better than dumb driven cattle. They had not learned to value their rights. They, therefore, accepted with bowed heads what their patron—the Government was conceded as such by them then—had ordained for them. But those were good times and

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the living then was less expensive and therefore the impinge of the imposition was not felt by them. But the circumstances have so changed that the agriculturist has no margin to live a decent life and the need therefore for adjusting the burden on the tax-payer to his capacity to bear it is the imminent problem. The heaviness of taxation apart, the unscientific basis of it is a subject to which we cannot too soon turn our attention to adjust the tax burden more equitably, and therefore it is that I propose to make the land tax on a par with the income-tax. This question is non-controversial. It is most equitable. It is serviceable to both the ryot and the Government alike. The ryot will not grudge to pay a fixed rate on what he gets. Even my friend the Member for Ezhuvas South, to whom any proposal to help the ryots by a reduction in the demands on them is a red-rag, will whole-heartedly approve of my suggestion for reasons more than one. The other side of the House has no cause for grumble for they will not be affected by this on their receipt side. For they can make up for the consequential loss in revenue by levying a graduated rate on higher incomes. Even if it did touch them a little, considering that the true principle of taxation is to make the demand equivalent to the value of services rendered and not to find funds for other departments, as the Government do now — robbing the rural parts for embellishing their urban area, the Government should not hesitate to do the right thing. The balance of the budget will not be appreciably disturbed thereby. Even if it is disturbed a little it should be brought to still by reducing the cost of the administration which is top-heavy. This has become a topic of grave consideration everywhere. The Dewan of Travancore has plans for complete re-organisation of taxation in regard to land for the purpose of seeing that persons least able to pay, pay least and gradually those who are able to pay more will pay progressively more and more according to the possibilities of the income. It is apt to quote here what the Finance Member of the Central Provinces says in this connection. "The general cry for relief in assessment is largely due not so much to the heavy incidence of the land tax as to the helplesss state which our peasantry has been reduced on account of repeated calamities. A sudden drop in the prices of all agricultural commodities crippled the cultivators and on the top of it came recurring crop failures which have well nigh ruined them. They should therefore engage our foremost attention. In their betterment lie the real interests of the richer classes and it is to them that we shall have to turn for help to relieve the distress of their humbler brethren who toil in the fields".

Under the circumstances I humbly request the House to receive with favour this proposal to reduce the tax so that the

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tax on land shall be more or less on a par with other forms of taxation, which will avert much worry and heartburning. To be brief, levy on land should be graded to the equities of a tax, which alone will leave for the ryot enough margin for the better life we and the Government expect them to lead. Dr. Rajan has recently said on behalf of the Madras Government that they are proposing to impose tax on graded basis on agricultural income and also not burden the poor with any landtax who possessed lands barely for maintenance. What a grand idea. Let us be the first in practically bringing about this desirable change.

I commend the motion for your acceptance.

Mr. P. Kumaran Ezhuthassan *(Wadakkancheri).*—Mr. President, Sir, I have great pleasure to second this proposition. This resolution is brought here, I presume to make Government appear equitable in their methods of taxation, nothing more and nothing less. As pointed out by the Hon'ble mover there is no meaning behind the present system of assessing lands. Whether a man has got one acre of land or a dozen acres of land or thousands of acres, the incidence of taxation is the same. Whether the man who possesses one acre of land is able to make any profit out of the land that he owns and cultivates or whether the other man having thousand acres of land is able to make a good fortune out of that, year after year, not only to his good but to the detriment of the surrounding people by having the machinery of oppression in his hands, in either case, the Government asks the parties concerned to pay the tax. I submit, Sir, that this process of taxing all alike and without any consideration of the profits derived from the possession of the land is most inequitable. What I submit, Sir, is that the Government, especially when the time for resettlement is fast approaching, part of which has already commenced, regarding Devaswom lands, should be pleased to take into consideration the best method of working equities to the agriculturist landholders. What I submit is that the Government may be pleased to consider the desirability and the possibility of excluding certain classes of landowners possessing a minimum extent of land from any tax at all. Leaving that class separately, as a class not to be taxed just as no income tax is levied up to a certain minimum, they should take up the question of taxing persons who possess more lands on a graduated scale saying that persons having so many acres to pay such and such rate, the next higher a higher rate and so on till a very good amount is taken out of the man who owns a large extent of lands for the reason

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that he is getting a large profit. That proposition is not anything strange. The proposition only says that persons enjoying better amenities of life should pay more than the hard hit agriculturists of the rural areas with practically no amenities of life. I am referring to the gentlemen who occupy decent buildings in towns and who enjoy all sorts of amenities of life when compared to the life of the agriculturists in the villages. In the case of income tax Government have excluded a certain income from taxation. Persons not having an annual income of Rs. 2,000 are excluded from income tax. In assessing, income tax the Government has also been pleased to have a graduated scale—up to such and such amount so many pies in the rupee, a higher rate for incomes above that, though the scale is not sufficiently steep. Not that I am satisfied with the minimum income taxable or with the rates that the Government have been pleased to impose. They of course require revision. On the analogy of assessing people to income tax, Government is bound to exclude certain class of agriculturists from taxation. You have excluded persons having an income up to Rs. 2,000 from payment of any income tax. This may be extended to land tax also. That is the principle enunciated in this resolution. For these reasons and on the ground of equity, I submit Government is bound to accept this proposition and try to give effect to it at the earliest opportunity, and as I submitted before, when the re-settlement is looming large before your eyes, sure as anything, these are the best times when this question can be worked out and ought to be worked out.

Dr. A. R. Menon *(Pallippuram)*.—Sir, the object of this resolution is only to bring to the notice of the Government the necessity to focus their attention on this very complicated and complex question. I have no quarrel whatsoever with the mover of this resolution. If on the other hand he thinks that by a discussion in this House in a haphazard way the result can be arrived at, then I apprehend that he is doomed to disappointment. This is a very wide question. This is a question which is being discussed all over India and the principle of taxation which is the result of concentrated wisdom of the ages cannot be set aside in a haphazard way by moving a resolution. By means of a resolution an important question like this cannot be discussed. Let it not be misunderstood that I am against this resolution. I express no opinion about it, because I am not competent all at once to pronounce an opinion on an important subject like this. This will require exhaustive enquiry. This will require going into the minute details and find

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out what the loss that the Government will have to suffer as a result of this innovation and also to devise ways and means to make up that deficit. Otherwise, we will be simply sharing the fate of those who come forth with big promises to grant things and when once they put their hands on the plough they found out that all those expectations could not be realised in the very nature of the circumstances. (Hear, hear).

Mr. A. V. Moothedan *(Chalakkudi)*.—What do you mean by that?

Dr. A. R. Menon *(Pallipuram)*.—Everyone is better than ourselves. That is a very modest view and it is a creditable view for a person to think that all others are our betters. I have no doubt that my friend has got a philosophical way of looking at things and it is the greatness of things to think that all others are greater than him.

Now, Sir, what I want this House to realise is we want to know what the implication of this measure is, how are we to make up this deficiency. We admit that we should be sympathetic. But we must also be in a position to translate that sympathy into action. Are we in a position to do so? This question we must consider before we simply make a recommendation to the Government. If the resolution recommends to the Government to investigate this matter, I would have been more happy to support it.

Mr. A. Eachara Menon *(Chittur-Rural)*.—The resolution has been before the House for 6 months.

Dr. A. R. Menon *(Pallippuram)*.—I can go only by the wording of the resolution. The resolution calls upon the Government to change it and not to investigate and see whether they could change it or not.

Another observation made by my friend Mr. Ezhuthssan is about the inequity. I only want to point out one fact—that in proposing this course the House must realise also the number of people who own the land. It may be that there is a block of property of 10 acres or 20 and there may be 20 souls living upon it. On the other hand, there may be 4 acres and there is only one single selfish batchelor living upon it without the complication of wife and children. There again, the inequity of the argument comes forth. What I want to say is certainly this question should be looked into. I know perfectly well that in

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many countries income tax is imposed instead of tax on land. I do not know whether this change into income tax will be of great benefit. That also must be known. I believe that this income tax principle is more appropriate in a country of Zamindaries and not in a country of small holdings. In England it is income tax because the land is divided between half-a-dozen people. Super-tax can be imposed upon them. Take the case of a Nayar tarawad. An undivided tarawad of 40 or 50 members may own lands fetching 5,000 or 6,000 paras of paddy. How much will it work out. People will say that it is a very rich family. But nobody remembers the number of souls depending upon that income. All these questions will have to be considered. I am not opposing this resolution. What I want to say is this question may engage the attention of Government and after an exhaustive study it may again be brought forward and we should not vote either for or against unless we know the implication of a resolution of this nature thoroughly.

മിസ്റ്റർ ടി. സി. ഇയ്യുക്കുട്ടി (*Pazhanji*).— സർ, ഈ പ്രമേയത്തെ ഞാൻ വളരെ ശക്തിയായി എതിർക്കുന്നു. ബഹുമാനപ്പെട്ട ചിറ്റൂർ മെമ്പർ എവിടെനിന്നോ ഒരു കടലാസിൽ ഇതിനെ സംബന്ധിച്ചു വായിച്ചിട്ടുണ്ടായിരിക്കും. എന്നാൽ ഇതൊരു പുതിയ സ്കീമല്ലെ, ഇതു് സഭയിൽ കൊണ്ടുവരാൻ വെറുമൊരു തമാശയായിരിക്കുമെന്നു വിചാരിച്ചു ഇവിടെ അവതരിപ്പിച്ചതാണെന്നാണു് എനിക്കു തോന്നുന്നതു്.

മിസ്റ്റർ പി. കുമാരനെഴുത്തച്ഛൻ (*Wadakkacheri*).— ചിറ്റൂർ മെമ്പർ അങ്ങിനെയുള്ള ഒരാളല്ല.

മിസ്റ്റർ ടി. സി. ഇയ്യുക്കുട്ടി (*Pazhanji*).— ഇതു് സാധുക്കളെ സംബന്ധിക്കുന്ന കാര്യമാണല്ലൊ എന്നുവിചാരിച്ചു ബഹുമാനപ്പെട്ട വടക്കാഞ്ചേരി മെമ്പർ ഇതിനെ പിന്താങ്ങുകയും ചെയ്തു. (ചിരി.) ഉപന്യാസങ്ങളിൽ ഇതു നടപ്പാക്കണമെന്നു മാത്രമേ സൂചിപ്പിച്ചിട്ടുള്ളു. ഈ കൊച്ചീരാജ്യത്തു് എത്ര ഏക്കർ ഭൂമിയുണ്ടു്; എത്ര ഏക്കർ നിലങ്ങളുണ്ടു്; എത്ര ഏക്കർ തരിശായി കിടക്കുന്നു പറമ്പുകളുണ്ടു് എന്നിങ്ങിനെയുള്ള സംഗതികൾ ഒന്നും ആലോചിക്കാതേയും ഈ സ്കീം നടപ്പിൽ വരുത്തിയാൽ എത്രത്തോളം ആദായമുണ്ടാകുമെന്നുള്ളതു് മനസ്സിലാക്കാതേയും വെറുതെ ഇതു് ഇവിടെ അവതരിപ്പിച്ചിരിക്കുന്നതു് ഒട്ടും നല്ലതായിട്ടു എനിക്കു തോന്നുന്നില്ല. ബഹുമാനപ്പെട്ട പള്ളിപ്പുറം മെമ്പർ അവർകൾ പറഞ്ഞതു അക്ഷരംപ്രതി ശരിയായിട്ടുള്ളതാണു്. അതുകൊണ്ടു ഇതിപ്പോൾ തള്ളിക്കളയണമെന്നു മാത്രമേ ഞാൻ ഈ അവസരത്തിൽ പറയുന്നുള്ളൂ. ബഹുമാനപ്പെട്ട ചിറ്റൂർ മെമ്പർ ഇതു പിൻവലിക്കയാണെങ്കിൽ ഏറ്റവും നന്നായി.

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Mr. K. Achyuta Menon *(Diwan Peishkar).*—Mr. President, Sir, Government are constrained to oppose this resolution, and that on many grounds. Shortly put, the invitation to Government at the present moment is to change the basis of land tax from what it is at the present moment and to approximate it to that of income-tax. There are objections both preliminary and on the merits, to the adoption of that procedure. The preliminary one is that it clashes with the settlement proclamation which says that the settlement should be in force for 30 years and 30 years period is not over in all the Taluks.

Mr. P. Kumaran Ezhuthassan *(Wadakkancheri).*—Is it not coming to a close?

Mr. K. Achyuta Menon *(Diwan Peishkar).*—It has not yet come to a close. That is the preliminary objection. It is not even established that it will be for the benefit of the landholders. What is the guarantee that it will always be in reduction of the present land-tax? If it is in excess, it clashes with the settlement proclamation. On the merits too it cannot be said that the question is past the stage of arguments. It certainly has not emerged from the region of doubt into the region of certainty. Many complications, in the language of the Hon'ble Member for Pallippuram, exist. The Hon'ble Member for Pazhanji did not elucidate the point, but he raised a very vital point, viz. how will it be worked in the case of Parambas. The present pattom is payattu pattom. Suppose you put it into a graduated scale of income-tax the present tax will be doubled. That will also be the result in the case of arecanut gardens for which the Hon'ble Member for Wadakkancheri used to stand.

Mr. P. Kumaran Ezhuthassan *(Wadakkancheri).*—He continues to stand.

Mr. K. Achyuta Menon *(Diwan Peishkar).*—Very doubtful. Only vrikshapattom is charged now. So also in the case of cocoanut plantation in the Cochin Kanayannur Taluk. There also it might be in excess of the land tax.

Mr. K. M. Ibrahim *(Cranganur).*—In income-tax there will be a margin of income which is not taxable.

Mr. K. Achyuta Menon *(Diwan Peishkar)*—The invitation is to change every land tax to income-tax and not to leave a margin. The only recommendation in the resolution is

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to approximate it to income-tax. Not even the advocate of the resolution tread on sure ground. They do not know whether it would increase the tax on parambas, cocoanut gardens, etc. These are all subjects for discussion. The difficulty is complicated in the jenm lands. The Government have settled these with jenmies, at favourable rates. Is the tenant going to get a benefit if the income-tax principle is accepted. These are all questions which have to be viewed very properly and leisurely and not in this haphazard fashion at 5 minutes to 5. p. m. I submit therefore that the resolution cannot be accepted for all these reasons.

Mr. President.—The discussion may be continued tomorrow. We shall now rise for the day.

The House rose for the day at 4-55 p. m.

B. V. KRISHNANKUTTY MENON,

Secretary to the Council.

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Minutes of the Standing Finance Committee Meeting held on Tuesday, the 30th November 1937 (15th Vrischigam 1113).

Present.

M. R. Ry. K. Achyuta Menon Avl., B. A., B. L., Diwan Peishkar (Chairman).

,, K. P. Kannan Nayar Avl., B. A., B. L., Secretary to Government.

Rama Varmha Tampuran, M. A., B. Sc., Bar-at-Law, Comptroller of Accounts.

M. R. Ry. P. Kumaran Ezhuthassan Avl.

,, A. V. Moothedan Avl., M. A , B. L.

,, A. Narayana Menon Avl., B. A., B. L.

,, B. V. Krishnankutty Menon Avl., B. A., B. L., Secretary to the Council.

The following items of additional allotments were taken into consideration and passed.

1. Rs. 7,568—11—2 under '12. Tramway — A — Capital — 4 — Bridges'.

2. Rs. 1,056— 0—0 ,, '12. Tramway — A — Capital — 7(b) permanent way'.

B. V. KRISHNANKUTTY MENON,

Secretary to the Council.

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